

Message Text

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ACTION EB-06

INFO OCT-01 EUR-08 NEA-06 IO-04 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-01 INR-05 INT-05

L-01 LAB-01 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 SWF-01 EA-06 /092 W

----- 005195

R 061308Z NOV 74

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 9961

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY DUBLIN

USMISSION GENEVA

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY TEHRAN

C O N F I D E N T I A L COPENHAGEN 3128

E.O. 11652: GDS

TAGS: ETRD, EEC, IR, DA

SUBJECT: EC-IRAN PREFERENCES

REF A. STATE 241510 B. COPENHAGEN 2995 C. STATE

218673 D. STATE 164851

BEGIN SUMMARY. WHILE "OFFICIALLY" HAVING REQUESTED
EC COUNCIL TO EXAMINE, WITHOUT PREJUDICE, ALL
AVENUES TOWARD ACHIEVING MEANINGFUL AND MUTUALLY
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ACCEPTABLE ARRANGEMENT WITH IRAN, DANES HAVE

"UNOFFICIALLY" SUGGESTED PREFERENTIAL TRADING AGREEMENT AS BEST AMONG ALTERNATIVES. ADVOCACY OF THIS POSITION VIOLATES TRADITIONAL DANISH FREE TRADE PRINCIPLES AND THEY ARE SOMEWHAT EMBARRASSED BY IT. HOWEVER, STRONG SELF-INTEREST DOMESTIC FORCES CONTINUE TO PRESS FOR THIS SOLUTION. FONOFF HAS ASSURED US THAT THEY RECOGNIZE IMPORTANCE AND FORCEFULNESS OF U.S. POSITION AND WILL WEIGHT IT CAREFULLY IN PREPARATION FOR NEXT COUNCIL MEETING. FONOFF BELIEVES OPPOSITION TO THEIR POSITION WITHIN EC TO BE STRONG AND SUGGESTS WE NEED NOT WORRY TOO MUCH ABOUT OUTCOME. END SUMMARY.

1. ACTING DCM CALLED ON HIGHEST AVAILABLE FONOFF OFFICIAL, DEPUTY UNDER SECRETARY (FOR ECONOMIC AFFAIRS) FLEMMING AGERUP, ON NOV. 5 TO REPEAT AND UNDERSCORE REPRESENTATIONS ON EC DISCUSSIONS OF PREFERENCE ARRANGEMENTS WITH IRAN WHICH HAD BEEN MADE PREVIOUSLY AT LOWER LEVEL (REF B). AGERUP INITIALLY GAVE SAME LINE AS WE HAD BEEN TOLD AT PREVIOUS REPRESENTATION, NAMELY THAT DENMARK IS MERELY ASKING EC COUNCIL AND ASSOCIATED DELIBERATIVE BODIES TO EXAMINE, WITH OPEN MIND, MUTUALLY SATISFACTORY ARRANGEMENTS WITH IRAN TO REPLACE EXPIRED AGREEMENT. HE INSISTED THAT DENMARK WAS NOT "OFFICIALLY" ADVOCATING ANY SPECIFIC APPROACH BUT ADMITTED THAT IN COURSE OF "UNOFFICIAL" DISCUSSIONS AT PERMREP LEVEL DANISH REPS HAD SUGGESTED PREFERENTIAL TRADE ARRANGEMENT AS POSSIBLE SOLUTION. AGERUP SAID MATTER WILL PROBABLY COME UP IN NEXT WEEK'S COUNCIL MEETING BUT THAT DENMARK HAS NOT FIRMED UP ITS POSITION. HE ASSURED US THAT HE WOULD BRING U.S. CONCERNS TO THE ATTENTION OF UNDER SECRETARY JENS CHRISTENSEN AND FONMINISTER GULDBERG BY MORNING OF NOV. 6.

2. ACTING DCM CAREFULLY REVIEWED U.S. CONCERNS, DRAWING ON REFS C AND D, NOTING INCONGRUITY OF DENMARK, WITH ITS TRADITIONAL FREE TRADE PHI-

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LOSOPHY, ASSUMING LEADERSHIP ROLE IN PROLIFERATION OF PREFERENTIAL TRADING ARRANGEMENTS. AGERUP FELT UNCOMFORTABLE "IN PRINCIPLE" AND ADMITTED SPECIAL DANISH SELF-INTEREST IN ADVOCACY FOLLOWING AGREEMENT WITH IRAN THIS SUMMER ON EXPANDED ECONOMIC AND TRADE RELATIONS. NONETHELESS, HE SAID DENMARK WAS NOT YET COMPLETELY FIRM IN ITS POSITION AND FELT THAT, IN ANY EVENT,

PROPOSAL FACES STRONG OPPOSITION WITHIN COMMUNITY.

3. AGERUP UNDERSTOOD U.S. CONCERNS COMPLETELY SINCE WE HAVE BEEN MAKING MUCH THE SAME POINTS FOR THE PAST SEVERAL YEARS. HE WONDERED, HOWEVER, ABOUT THE FIRMNESS OF THE "UNDERSTANDING" BETWEEN THE U.S. AND EC ON LIMITING PROLIFERATION OF PREFERENTIAL TRADING ARRANGEMENTS. WE SUGGESTED THAT HISTORY OF DIALOGUE, BOTH WITH EC MEMBER COUNTRIES AND EC COMMISSION, OVER PAST SEVERAL YEARS SEEMS VERY CLEAR ON THAT SCORE. IN ANY EVENT, WE WANTED TO MAKE CLEAR THAT THE U.S. BELIEVED IT HAD SUCH ASSURANCES AND WOULD REACT ACCORDINGLY SHOULD THE COMMUNITY PROCEED WITH A PREFERENTIAL ARRANGEMENT WITH IRAN.

4. EMBASSY COMMENT: IN LENGTHY DISCUSSION WITH AGERUP, IT WAS CLEAR THAT DANES ARE INVOLVED IN INTERNAL CONFLICT BETWEEN PRINCIPLE AND PRAGMATIC SELF-INTEREST. AGERUP ADMITTED THAT THERE ARE STRONG DOMESTIC INTERESTS PUSHING FOR SPECIAL STATUS FOR IRAN WHICH, IF DENMARK COULD BE IDENTIFIED AS INITIATOR WITHIN EC, WOULD HELP IN IMPROVING DANISH ECONOMIC RELATIONS WITH IRAN. THEY WOULD LIKE TO FIND ANOTHER FORMULA PROVIDING "SIGNIFICANT" IMPROVEMENT IN EC/IRAN RELATIONS BUT SEE NO ALTERNATIVE TO PREFERENTIAL TRADE ARRANGEMENT. THEY BELIEVE THAT NON-PREFERENTIAL COOPERATION AGREEMENT WOULD BE UNACCEPTABLE TO IRAN.

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5. WHILE AGERUP IMPLIED SYMPATHY WITH U.S. POSITION AND EMBARRASSMENT ABOUT DANISH POSITION, HE MADE CLEAR THAT WE COULD NOT COUNT ON DENMARK ABANDONING ITS POSITION WITHOUT FIRST MAKING A STRONG EFFORT WITHIN EC. HE CONFIDED THAT HIS PROBLEM WAS CONFOUNDED BY INABILITY TO PREDICT POSITION FROM GULDBERG WOULD TAKE AT COUNCIL, WHATEVER HIS BRIEFING SAY. PROBLEM IS FURTHER COMPLICATED BECAUSE GULDBERG WILL BE OUT OF TOWN FOR REMAINDER OF WEEK. AGERUP, HOWEVER, ASSURED US THAT HE WOULD FIND WAY BEFORE COUNCIL MEETING TO BRING STRONG U.S. CONCERNS POINTEDLY TO GULDBERG'S ATTENTION.

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